



N A R U C
National Association of Regulatory Utility Commissioners

May 27, 2004

The Honorable Michael K. Powell, Chairman
The Honorable Kathleen Q. Abernathy, Commissioner
The Honorable Michael J. Copps, Commissioner
The Honorable Kevin J. Martin, Commissioner
The Honorable Jonathan S. Adelstein, Commissioner

Federal Communications Commission
445 12th Street, S.W. Portals II Building
Washington, D.C. 20544

RE: Ex Parte Letter filed in the proceeding captioned: *In the Matter of Federal-State Joint Board on Universal Service* CC Docket No. 96-45

Support for a referral to the Joint Board to consider possible modifications to the basis of support for all ETCs when they undertake the “comprehensive review of the high-cost support mechanisms for rural and non-rural carriers as a whole to ensure that both mechanisms function efficiently and in a coordinated fashion” in the Rural/Non-Rural Review proceeding as advocated in the recent “Recommended Decision” released February 27, 2004 in the above captioned proceeding.

Commissioners:

In February, the Joint Board on Universal Service issued its recommendations to the full Commission on several issues. See, *Federal-State Joint Board On Universal Service*, Recommended Decision, FCC 04-J16 (rel. Feb.27, 2004).

In that recommendation, the Joint Board declined to recommend that the Commission modify the basis of support in areas with multiple ETCs. However, the Board noted its intention to continue to consider possible modifications to the basis of support in this proceeding and specifically recommended, at paragraph 88-89 of that release, that:

...the Joint Board and the Commission continue to consider possible modifications to the basis of support in a broader context. Specifically, we recommend that the Joint Board and the Commission consider possible modifications to the basis of support for all ETCs when they undertake the “comprehensive review of the high-cost support mechanisms for rural and non-rural carriers as a whole to ensure that both mechanisms function efficiently and in a coordinated fashion” in the Rural/Non-Rural Review proceeding.

I agree that examining the basis of support in areas with multiple ETCs in conjunction with review of the rural and non-rural mechanisms would allow the Joint Board and the Commission to craft a more comprehensive approach and avoid the perils of piecemeal decision-making.

Commissioner Abernathy notes in her concurring opinion to the February *Recommended Decision* that: “[S]everal parties have argued convincingly that, instead of focusing narrowly on the basis of support for competitive carriers, the Joint Board should comprehensively review the basis of support for *all* ETCs — as the Commission pledged in its *Rural Task Force Order* to do by 2006. The Joint Board has accordingly recommended that the Commission refer this broader issue for its consideration, and I hope that the FCC takes that step in the very near future.”

I agree with Commissioner Abernathy and encourage each of you to support such a referral expeditiously.

Sincerely,

Robert B. Nelson
Commissioner, Michigan Public Service Commission

Chairman, NARUC Committee on Telecommunications